

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MASSACHUSETTS**

UNDER SEAL

Plaintiff,

v.

UNDER SEAL

Defendants

FILED UNDER SEAL

COMPLAINT

DEMAND FOR JURY TRIAL

31 U.S.C. §§ 3729–3733

18 U.S.C. §§ 1961–1968

15 U.S.C. §§ 1–38

22 U.S.C. § 2778

22 CFR §§ 120–130

50 U.S.C. § 2410

22 U.S.C. § 401

47 U.S.C. §§ 2.1–1305

18 U.S.C. § 2512

19 U.S.C. §§ 1709–3808

18 U.S.C. § 549

18 U.S.C. § 371

18 U.S.C. § 1001

18 U.S.C. § 1031

18 U.S.C. § 1341

18 U.S.C. § 1343

18 U.S.C. § 1956

18 U.S.C. § 1510 – 1513

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**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MASSACHUSETTS**

**UNITED STATES OF AMERICA
Ex rel. JAMES M. ATKINSON, and
JAMES M. ATKINSON, individually**

Plaintiff,

v.

RESEARCH ELECTRONICS
INTERNATIONAL, LLC, A AND L
ENTERPRISES; THOMAS H. JONES;
BRUCE BARSUMIAN; LEE JONES;
KIMBERLY JONES; ARTURO DIAZ
(aka: ART DIAZ); MICHELLE GAW;
DARLENE JONES (aka: LISA
JONES); CLARENCE L. JONES, JR.;
TRISH WEBB; ARLENE J.
BARSUMIAN; NICOLE RODGERS;
PAMELA MCINTYRE; DEAN
BUTLER (aka: CLYDEAN BUTLER);
JILL JOHNSTON; JON BAYS;
JAMES E. WALKER; DALE
REIFSCHNEIDER; DUSTIN BAYS;
DAVID MARTIN; SETH MILLS;
LINDA SISCO; MARK S. UKER;
CRISMAN MCSPADDEN;
STEPHANIE HOEPFNER; ROGER
WERRIES; MATT WINNINGHAM;
MIKE MILLER; KJB SECURITY
INTERNATIONAL; KJB SECURITY
PRODUCTS, INC.; RESEARCH
ELECTRONICS, INC.; HUNTER

FILED UNDER SEAL

COMPLAINT

DEMAND FOR JURY TRIAL

31 U.S.C. §§ 3729–3733

“False Claims Act”

18 U.S.C. §§ 1961–1968

*“Civil Racketeer Influenced and
Corrupt Organizations Act”*

15 U.S.C. §§ 1–38

*“Monopolies and Restraint of
Trade”*

22 U.S.C. § 2778

“Arms Export Control Act”

22 CFR §§ 120–130

*“International Traffic in Arms
Regulations”*

50 U.S.C. § 2410

“National Security Controls”

22 U.S.C. § 401

“Illegal Exportation of War

COVE LP; "ABSOLUTE SURVEILLANCE;" "1435 JAMESTOWN COURT;" "4751 HUNTER COVE ROAD;" "341.04 ACRES ON HUNTER COVE ROAD;" "458.36 ACRES ON JAMES BROWN ROAD;" "DEANNA MARIE WOLFE;" "800 DRY VALLEY ROAD;" "17 ACRES ON DECK MOUNTAIN ROAD;" "459 HAMPTON CIRCLE;" "TWELVE MILLION (12) MILLION DOLLARS IN RETAINED COMMISSIONS;" "5.19 ACRES, DRY VALLEY ROAD;" "15.8 ACRES ON BURTON BRANCH ROAD (aka: 2250/2350 BURTON BRANCH ROAD);" "4751 HUNTER COVE ROAD;" "1.41 ACRES ON SECURITY DRIVE;" "2 ACRES ON SECURITY DRIVE;" "2208 BURTON BRANCH ROAD;" "105.43 ACRES ON MUDDY POND ROAD;" "1414 SHAG RAG ROAD;" "SIXTY SEVEN (67) AUDIO EAVESDROPPING DEVICES;" "SIX (6) PHONE SYSTEMS, SWITCH, AND INSTRUMENTS;" "THREE (3) MILLING MACHINES;" "SIX (6) HEWLETT-PACKARD/AGILENT SPECTRUM ANALYZERS;" "THREE SURFACE MOUNT ASSEMBLY MACHINES;" "SEVENTY FIVE (75) THOUSAND POUNDS OF BLUEPRINTS, DRAWINGS, CAD FILES, AND BUSINESS RECORDS;" "FORTY THOUSAND (40,000) POUNDS OF RAW MATERIALS AND WORK-IN-PROGRESS;" "CUSTOMER DATABASE;" "NINE (9) YEARS OF ACCOUNTING

Material"

47 U.S.C. §§ 2.1-1305

"Telecommunication"

18 U.S.C. § 2512

"Eavesdropping"

19 U.S.C. §§ 1709-3808

"Smuggling"

18 U.S.C. § 549

"Smuggling goods out of the US"

18 U.S.C. § 371

"Conspiracy"

18 U.S.C. § 1001

"False or Fraudulent Statement to Government Agency"

18 U.S.C. § 1031

"Major Fraud Against U.S."

18 U.S.C. § 1341

"Mail Fraud"

18 U.S.C. § 1343

"Wire Fraud"

18 U.S.C. § 1956

"Financial Transactions Involving the Proceeds of Specified Unlawful Activity"

18 U.S.C. §§ 1510 – 1513

"Obstruction of Justice"

RECORDS;" "NINETEEN (19)
YEARS OF ACCOUNTING
RECORDS;" "SIX (6) MILLION
DOLLARS IN FINISHED GOODS;"
"SOURCE CODE;" "APPROVED OR
PENDING PATENTS;" JOHN DOE
001 – 150

Defendants.

COMPLAINT

1
2
3
4 1. The United States of America, by and through *qui tam* Realtor, James
5 M. Atkinson, brings this action under 31 U.S. §§ 3729–3733 “False
6 Claims Act”; 18 U.S.C. §§ 1961-1968 “Civil Racketeer Influenced
7 and Corrupt Organizations Act – RICO;” 15 U.S.C. §§ 1-38,
8 “Monopolies and Restraint of Trade;” 22 U.S.C. 2778, “Arms Export
9 Control Act;” 22 CFR §§ 120-130, “International Traffic in Arms
10 Regulations;” 50 U.S.C. § 2410, “National Security Controls;” 47
11 U.S.C. §§ 2.1-1305, “Telecommunication;” and 18 U.S.C. § 2512
12 “Manufacture, distribution, possession, and advertising of wire, oral,
13 or electronic communication intercepting devices;” 22 U.S.C. § 401
14 “Illegal Exportation of War Material;” 19 U.S.C. §§ 1709-3808,
15 “Smuggling;” 18 U.S.C. § 549, “Smuggling goods out of the US;” 18
16 U.S.C. § 371, “Conspiracy;” 18 U.S.C. § 1001, “False or Fraudulent
17 Statement to Government Agency;” 18 U.S.C. § 1031, “Major Fraud
18 Against U.S.;” 18 U.S.C. § 1341, “Mail Fraud;” 18 U.S.C. § 1343,
19 “Wire Fraud;” 18 U.S.C. § 1956, “Financial Transactions Involving
20 the Proceeds of Specified Unlawful Activity;” 18 U.S.C. §§ 1510 –
21 1513, “Obstruction of Justice” to recover from Research Electronics,

Tennessee, they also maintained a business operation in Gloucester, MA (by way of the Plaintiff), and in other states.

RELATED CASES

11. Plaintiff did list Defendants in a civil rights and civil-RICO case in the United States District Court for the District of Massachusetts as case 11-CV-11073-NMG, in Boston, MA on June 15, 2011, but did not disclose the full details of this *qui tam* complaint contained herein at that time.

PLAINTIFF

12. Plaintiff James M. Atkinson is acting on behalf of the United States of America as a *qui tam* Realtor, and “Whistler Blower” in regards to fraudulent and long term organized criminal conduct by the Defendants against the United States and is prosecuting this matter as a “Private Attorney General” *qui tam pro domino rege quam pro se ipso in hac parte sequitur*.

180 24. Defendant THOMAS H. JONES is sued as an Owner, Engineer, and
181 General Manager for Research Electronics, LLC and as the General
182 Manager, and/or Sales Manager for Research Electronics, Inc.
183 Defendant resides or does business at: 455 Security Place, Algood TN
184 38506.

185
186 **BRUCE BARSUMIAN**

187 25. Defendant BRUCE BARSUMIAN is sued as an Owner and Engineer
188 for Research Electronics, LLC and as the President, Owner and
189 Engineer for Research Electronics, Inc. Defendant resides or does
190 business at: 455 Security Place, Algood TN 38506.

191
192 **A AND L ENTERPRISES**

193 26. Defendant A AND L ENTERPRISES is sued as an enterprise and
194 instrument of illegal or prohibited conduct, the proceeds of a crime,
195 and used to facilitate organized crime and racketeering. Defendant
196 resides or does business at: 455 Security Place, Algood TN 38506.

197
198 **HUNTER COVE, LP**

27. Defendant HUNTER COVE, LP is sued as an enterprise and instrument of illegal or prohibited conduct, the proceeds of a crime, and used to facilitate organized crime and racketeering. Defendant was formed on 11/13/2009 as a Limited Partnership in Tennessee. Defendant resides or does business at: 455 Security Place, Algood TN 38506.

RESEARCH ELECTRONICS, INC.

28. Defendant RESEARCH ELECTRONICS, INC. hereinafter referred to as "Research Electronics" or "REI." Plaintiff is informed and believes that Defendant is also a recipient of federal funds, which it distributes to its various departments and activities.

29. Defendant RESEARCH ELECTRONICS, INC. and RESEARCH ELECTRONICS INTERNATIONAL, LLC are in fact the same enterprise, and the same continuation of identical criminal conduct, under the same ownership, and operating under the same mode of operation, and thus both companies are in fact the same enterprise and operation. Defendant was incorporated on 02/18/1983 but overlapped and intermingled operations with RESEARCH ELECTRONICS

239 33. Defendant NICOLE RODGERS is a sales person, and exporter,
240 employed by Research Electronics. Defendant resides or does
241 business at: 455 Security Place, Algood TN 38506.

242
243 **DEAN BUTLER**

244 34. Defendant DEAN BUTLER (aka: CLYDEAN BUTLER) is a notary
245 public, officer manager, sales person, and exporter, employed by
246 Research Electronics. Defendant resides or does business at: 455
247 Security Place, Algood TN 38506.

248
249 **TRISH WEBB**

250 35. Defendant TRISH WEBB, is Office Manager, sales person, sales
251 manager, exporter, book keeper, and accountant, employed by
252 Research Electronics. Defendant resides or does business at: 455
253 Security Place, Algood TN 38506.

254
255 **LINDA SISCO**

256 36. Defendant LINDA SISCO, is a sales person, exporter, and purchasing
257 agent, employed by Research Electronics. Defendant resides or does
258 business at: 455 Security Place, Algood TN 38506.

MIKE MILLER

37. Defendant MIKE MILLER, is an engineer, senior technician, computer programmer, and exporter, employed by Research Electronics. Defendant resides or does business at: 455 Security Place, Algood TN 38506.

PAMELA MCINTYRE

38. Defendant PAMELA MCINTYRE, is an employee and exporter, employed by Research Electronics. Defendant resides or does business at: 455 Security Place, Algood TN 38506.

MARK S. UKER

39. Defendant MARK S. UKER, is an employee, instructor and exporter, employed by Research Electronics. Defendant resides or does business at: 455 Security Place, Algood TN 38506.

CRISMAN MCSPADDEN

277 40. Defendant CRISMAN MCSPADDEN, is an employee, instructor and
278 exporter, employed by Research Electronics. Defendant resides or
279 does business at: 455 Security Place, Algood TN 38506.

280
281 **STEPHANIE HOEPPNER**

282 41. Defendant STEPHANIE HOEPPNER, is an employee, instructor and
283 exporter, employed by Research Electronics. Defendant resides or
284 does business at: 455 Security Place, Algood TN 38506.

285
286 **ROGER WERRIES**

287 42. Defendant ROGER WERRIES, is an employee, instructor and
288 exporter, employed by Research Electronics. Defendant resides or
289 does business at: 455 Security Place, Algood TN 38506.

290
291 **MATT WINNINGHAM**

292 43. Defendant MATT WINNINGHAM, is an employee, instructor and
293 exporter, employed by Research Electronics. Defendant resides or
294 does business at: 455 Security Place, Algood TN 38506.

CLARENCE L. JONES, JR

44. Defendant CLARENCE L. JONES, JR, is an employee and M.D. employed by Research Electronics, and involved in the laundering of funds, financing operations, and the operator of multiple mechanisms by which Research Electronics engages in illegal operations and enterprises. Defendant resides or does business at: 455 Security Place, Algood TN 38506.

JAMES E. WALKER

45. Defendant JAMES E. WALKER, is Chairmen of the Board, a consultant, employee, owner, and investor employed by Research Electronics, and involved in the laundering of funds, financing operations, and the operator of multiple mechanisms by which Research Electronics engages in illegal operations and enterprises. Defendant resides or does business at: 455 Security Place, Algood TN 38506.

KIMBERLY JONES

46. Defendant KIMBERLY JONES, is a contractor, and marketing consultant engaged in the foreign sales of Research Electronics goods.

Defendant resides or does business at: 455 Security Place, Algood TN
38506.

ARLENE J. BARSUMIAN

47. Defendant ARLENE J. BARSUMIAN (aka: ARLENE WALKER), is
an owner of both Research Electronics, A and L Enterprises, and the
operator of multiple mechanisms by which Research Electronics
engages in illegal operations and enterprises. Defendant resides or
does business at: 455 Security Place, Algood TN 38506.

LISA JONES

48. Defendant DARLENE JONES (aka: LISA JONES), is an owner of
both Research Electronics, A and L Enterprises, Hunter Cove, LP, and
the operator of multiple mechanisms by which Research Electronics
engages in or engaged in illegal operations and enterprises. Defendant
resides or does business at: 455 Security Place, Algood TN 38506.

KJB SECURITY INTERNATIONAL

49. Defendant KJB SECURITY INTERNATIONAL, is engaged in the
business of wholesale and retail sales of eavesdropping devices, arms,

337 counter-surveillance, and countermeasures equipment to include
338 domestic and international sale and exportation of control munitions,
339 arms, and other prohibited goods.

340
341 50. Defendant was incorporated on 08/09/1999 but overlapped and
342 intermingled operations with KJB SECURITY PRODUCTS, INC.
343 until 02/13/2003, thus forming the two entities into a single seamless
344 entity.

345
346 51. Defendant also overlapped and intermingled operations and control
347 with RESEARCH ELECTRONICS INTERNATIONAL, LLC; and
348 RESEARCH ELECTRONICS, INC prior to 02/13/2003, thus forming
349 the all three entities into a single seamless entity. Defendant resides or
350 does business at: 841-B FESSLERS PKWY, NASHVILLE, TN
351 37210-2923 USA.

352
353 **KJB SECURITY PRODUCTS, INC.**

354 52. Defendant KJB SECURITY PRODUCTS, INC. is engaged in the
355 business of wholesale and retail sales of eavesdropping devices, arms,
356 counter-surveillance, and countermeasures equipment to include

domestic and international sale and exportation of control munitions,
arms, and other prohibited goods.

53. Defendant KJB SECURITY INTERNATIONAL and KJB

SECURITY PRODUCTS, INC. are in fact the same enterprise, and
the same continuation of identical criminal conduct, and operating
under the mode of operation, and thus both companies are in fact the
same enterprise and operation.

54. In fact, Defendants KJB SECURITY PRODUCTS, INC., KJB
SECURITY INTERNATIONAL; RESEARCH ELECTRONICS
INTERNATIONAL, LLC; and RESEARCH ELECTRONICS, INC
are also the same organization, operation, and criminal enterprise.

55. Defendant was incorporated on 06/28/2002 but overlapped and
intermingled operations with KJB SECURITY INTERNATIONAL
until 02/13/2003, thus forming the two entities into a single seamless
entity. Defendant resides or does business at: 841-B FESSLERS
PKWY, NASHVILLE, TN 37210-2923 USA.

International, LLC. Defendant resides or does business at: 841-B
FESSLERS PKWY, NASHVILLE, TN 37210-2923 USA.

SETH MILLS

62. Defendant SETH MILLS is the Quality Control Supervisor and Lead
Technical Support Representative, and exporter for KJB Security
Products, Inc.; and Research Electronics International, LLC.
Defendant resides or does business at: 841-B FESSLERS PKWY,
NASHVILLE, TN 37210-2923 USA.

“ABSOLUTE SURVEILLANCE”

63. Defendant ABSOLUTE SURVEILLANCE is engaged in the business
of wholesale and retail sales of eavesdropping devices, arms, counter-
surveillance, and countermeasures equipment to include domestic and
international sale and exportation of control munitions, arms, and
other prohibited goods. Defendant resides or does business at: 31566
Railroad Canyon Road, Suite 709, Sun City, CA 92587.

DEANNA MARIE WOLFE

64. Defendant DEANNA MARIE WOLFE, is the President, exporter, wholesaler and retailer of the goods of KJB Security. Defendant resides or does business at: 31566 Railroad Canyon Road, Suite 709, Sun City, CA 92587.

“459 HAMPTON CIRCLE”

65. Defendant “459 HAMPTON CIRCLE” is parcel “053K F 01773 00001066C” in Cookeville, TN, Putnam County, Tennessee. Defendant measures 125.43 x 92.92 feet, and sold on 02/13/1992 to Defendants Bruce and Arlene Barsumian, and used as an instrumental tool of smuggling and of major fraud against the government, and an instrumentality for the crime, and fruit of the crime.

“1435 JAMESTOWN COURT”

66. Defendant “1435 JAMESTOWN COURT” is parcel “041P D 00143 00001041P” in Cookeville, TN, Putnam County, Tennessee. Defendant measures 63.30 x 166.33 feet, and sold on 01/07/1999 to Defendants Thomas and Lisa Jones, and used as an instrumental tool of smuggling and of major fraud against the government, and an instrumentality for the crime, and fruit of the crime.

"800 DRY VALLEY ROAD"

67. Defendant "800 DRY VALLEY ROAD" is parcel "052 01209 00001052", in Cookeville, TN, Putnam County, Tennessee. Defendant measures 20.6 Acres, and sold on 04/13/1999 to Defendants Thomas and Lisa Jones, and used as an instrumental tool of smuggling and of major fraud against the government, and an instrumentality for the crime, and fruit of the crime.

"4751 HUNTER COVE ROAD"

68. Defendant "4751 HUNTER COVE ROAD" is parcel "098 00901 000" in Cookeville, TN, Putnam County, Tennessee. Defendant measures 23.92 Acres, and sold on 11/30/2007 to Defendants Thomas H. Jones for \$2,300,000, and then subdivided and sold to Hunter Cove, LP (controlled by Lisa Jones, the wife of Thomas H. Jones) for \$0, and used as an instrumental tool of smuggling and of major fraud against the government, and an instrumentality for the crime, and fruit of the crime. This Defendant abuts Defendant "341.04 ACRES ON HUNTER COVE ROAD" which abuts Defendant "458.36 ACRES ON JAMES BROWN ROAD" to form a combined parcel of 823.32

Acres, valued in excess of \$7.5 million dollars owed by and under the control of Defendants Thomas H. Jones and Lisa Jones.

“341.04 ACRES ON HUNTER COVE ROAD”

69. Defendant “341.04 ACRES ON HUNTER COVE ROAD” is parcel “098 009.00” consisting of 341.04 Acres, and sold on 11/30/2007 to Defendants Thomas H. Jones for \$2,300,000, and then to Hunter Cove, LP for \$0, and used as an instrumental tool of smuggling and of major fraud against the government, and an instrumentality for the crime, and fruit of the crime.

“458.36 ACRES ON JAMES BROWN ROAD”

70. Defendant “458.36 ACRES ON JAMES BROWN ROAD” is parcel “098 017.00” consisting of 458.36 Acres, and sold on 12/14/2007 to Defendant Thomas H. Jones for \$2,350,000, and then to Hunter Cove, LP for \$0 on 11/10/2009, and used as an instrumental tool of smuggling and of major fraud against the government, and an instrumentality for the crime, and fruit of the crime

"17 ACRES, ON DECK MOUNTAIN ROAD"

71. Defendant "17 ACRES, ON DECK MOUNTAIN ROAD" is parcel "041 08500 00019041" ", in Cookeville, TN, Putnam County, Tennessee. Defendant measures 17 Acres, and sold on 11/13/2001 to Defendants Thomas and Lisa Jones, and used as an instrumental tool of smuggling and of major fraud against the government, and an instrumentality for the crime, and fruit of the crime. This parcel abuts Defendant "800 DRY VALLEY ROAD" to form a single parcel that is 37.6 Acres.

"2208 BURTON BRANCH ROAD"

72. Defendant "2208 BURTON BRANCH ROAD" is an 110x250 foot parcel, in Algood, TN, Putnam County, Tennessee. Defendant "2208 BURTON BRANCH ROAD" was sold on 05/20/2000 and then resold on 06/22/2000 to Defendant Clarence L. Jones Jr., and used as an instrumental tool of smuggling and of major fraud against the government, and an instrumentality for the crime, and fruit of the crime.

"1414 SHAG RAG ROAD"

516 73. Defendant "1414 SHAG RAG ROAD" is an 131.6 x 151.6 foot parcel,
517 in Cookeville, TN, Putnam County, Tennessee. Defendant "1414
518 SHAG RAG ROAD" was sold on 03/02/2005 to Jon and Candace
519 Bays, and used as an instrumental tool of smuggling and of major
520 fraud against the government, and an instrumentality for the crime,
521 and fruit of the crime.

522
523 **"105.43 ACRES ON MUDDY POND ROAD"**

524 74. Defendant "105.43 ACRES ON MUDDY POND ROAD" is parcel
525 "073 00912 00014073", in Algood, TN, Putnam County, Tennessee.
526 Defendant measures 5.19 Acres, and sold on 11/31/2002 to
527 Defendants James E. Walker and used as an instrumental tool of
528 smuggling and of major fraud against the government, and an
529 instrumentality for the crime, and fruit of the crime.

530
531 **"5.19 ACRES, DRY VALLEY ROAD"**

532 75. Defendant "5.19 ACRES, DRY VALLEY ROAD" is parcel "052
533 01206 00001052", in MONTEREY, TN 38574, Putnam County,
534 Tennessee. Defendant measures 105.43 Acres, and sold on
535 04/21/2003 to Defendants Lisa Jones and used as an instrumental tool

of smuggling and of major fraud against the government, and an instrumentality for the crime, and fruit of the crime.

“15.8 ACRES ON BURTON BRANCH ROAD”

76. Defendant “15.8 ACRES ON BURTON BRANCH ROAD (aka: 2250/2350 BURTON BRANCH ROAD)” is parcel “041 09110 00019041”, in Algood, TN, Putnam County, Tennessee. Defendant measures 15.8 Acres, and sold on 08/25/2000 to Defendants Research Electronics International, LLC the resold on 02/15/2001 to Defendant A and L Enterprises (owned by Defendants Lisa Jones and Arlene Barsumian), and then occupied by Research Electronics 05/21/2002, and used since that time as an instrumental tool of smuggling and of major fraud against the government, and an instrumentality for the crime, and fruit of the crime. It should be noted that this is a core property used as the nexus of the major criminal activities.

“1.41 ACRES ON SECURITY DRIVE”

77. Defendant “1.41 ACRES ON SECURITY DRIVE” (aka: 455 Security Place) is parcel “041 08110 00019041”, in Algood, TN, Putnam County, Tennessee. Defendant measures 2 Acres, and sold on

08/25/2000 to Defendants Research Electronics International, LLC the
resold on 02/15/2001 to Defendant A and L Enterprises (owned by
Defendants Lisa Jones and Arlene Barsumian), and used as an
instrumental tool of smuggling and of major fraud against the
government, and an instrumentality for the crime, and fruit of the
crime. This parcel abuts Defendant "15.8 ACRES ON BURTON
BRANCH ROAD."

"2 ACRES ON SECURITY DRIVE"

78. Defendant "2 ACRES ON SECURITY DRIVE" is parcel "041 08110
00019041", (aka: 125 Security Drive) in Algood, TN, Putnam County,
Tennessee. Defendant measures 2 Acres, and sold on 08/25/2000 to
Defendants Research Electronics International, LLC the resold on
02/15/2001 to Defendant A and L Enterprises (owned by Defendants
Lisa Jones and Arlene Barsumian), and used as an instrumental tool of
smuggling and of major fraud against the government, and an
instrumentality for the crime, and fruit of the crime. This parcel abuts
Defendant "15.8 ACRES ON BURTON BRANCH ROAD."

"EAVESDROPPING DEVICES"

79. Defendant "SIXTY SEVEN (67) AUDIO EAVESDROPPING DEVICES." Defendant is an instrumental tool of criminal activity of major fraud against the government, and an instrumentality for the crime, and fruit of the crime.

"TWELVE MILLION (12) MILLION DOLLARS"

80. Defendant "TWELVE MILLION (12) MILLION DOLLARS IN RETAINED COMMISSIONS" held by Defendant Research Electronics International, L.L.C. and payable to Plaintiff James M. Atkinson and Granite Island Group as withheld commissions, and improperly invested by the Defendants into real estates, machinery and facility of REI, and to the development of new products instead of being paid to the Plaintiff. This conversion of the Plaintiff James M. Atkinson commissions, is a scheme to defraud as a predicate RICO offense. Without these embezzled funds, Defendant would not have been able to design, prototype or build the TALAN, OSCOR Blue, OSCOR Green, CPM-700 Deluxe, CMA-100, or OSCOR-5000 version 5.0. Hence, these products were designed with stolen funds, and thus the products design themselves and the instruments or machines used to build them are fruits of the crime.

596
597 **“PHONE SYSTEMS”**

598 81. Defendant “SIX (6) PHONE SYSTEMS, SWITCH, AND
599 INSTRUMENTS” are five (5) PBX systems or switches used in the
600 training labs, and one (1) PBX systems with voice mail, and used as
601 an instrumental tool of eavesdropping, smuggling, and of major fraud
602 against the government, and an instrumentality for the crime, and fruit
603 of the crime.
604

605 **“MILLING MACHINES”**

606 82. “THREE (3) MILLING MACHINES,” and used as an instrumental
607 tool of smuggling, and of major fraud against the government, and an
608 instrumentality for the crime, and fruit of the crime.
609

610 **“SPECTRUM ANALYZERS”**

611 83. Defendant “SIX (6) HEWLETT-PACKARD/AGILENT SPECTRUM
612 ANALYZERS,” and used as an instrumental tool of smuggling, and
613 of major fraud against the government, and an instrumentality for the
614 crime, and fruit of the crime.
615

“SURFACE MOUNT MACHINES”

84. Defendant “THREE (3) SURFACE MOUNT ASSEMBLY MACHINES,” and used as an instrumental tool of smuggling, and of major fraud against the government, and an instrumentality for the crime, and fruit of the crime.

“TECHNICAL AND BUSINESS RECORDS”

85. Defendant “SEVENTY FIVE (75) THOUSAND POUNDS OF BLUEPRINTS, DRAWINGS, CAD FILES, AND BUSINESS RECORDS,” and used as an instrumental tool of smuggling, and of major fraud against the government, and an instrumentality for the crime, and fruit of the crime.

“RAW MATERIALS”

86. Defendant “FORTY THOUSAND (40,000) POUNDS OF RAW MATERIALS AND WORK-IN-PROGRESS,” and used as an instrumental tool of smuggling, and of major fraud against the government, and an instrumentality for the crime, and fruit of the crime.

“CUSTOMER DATABASE”

87. Defendant “CUSTOMER DATABASE” and used as an instrumental tool of smuggling, and of major fraud against the government.

“ACCOUNTING RECORDS (2002 to Present)”

88. Defendant “NINE (9) YEARS OF ACCOUNTING RECORDS,” and used as an instrumental tool of smuggling, and of major fraud against the government, and an instrumentality for the crime, and fruit of the crime.

“ACCOUNTING RECORDS (1983 to 2002)”

89. Defendant “NINETEEN (19) YEARS OF ACCOUNTING RECORDS,” and used as an instrumental tool of smuggling, and of major fraud against the government, and an instrumentality for the crime, and fruit of the crime.

“FINISHED GOODS”

90. Defendant “SIX (6) MILLION DOLLARS IN FINISHED GOODS,” and used as an instrumental tool of smuggling, and of major fraud

655 against the government, and an instrumentality for the crime, and fruit
656 of the crime.

657
658 **“SOURCE CODE”**

659 91. Defendant “SOURCE CODE,” and used as an instrumental tool of
660 smuggling, and of major fraud against the government, and an
661 instrumentality for the crime, and fruit of the crime.

662
663 **“PATENTS”**

664 92. Defendant “APPROVED OR PENDING PATENTS,” and used as an
665 instrumental tool of smuggling, and of major fraud against the
666 government, and an instrumentality for the crime, and fruit of the
667 crime.

668
669 **“JOHN DOE 001 – 150”**

670 93. Defendant JOHN DOE 001 – 150 is sued in capacity as an Employee
671 for Research Electronics, LLC.; Research Electronics, Inc.; KJB
672 Security International, KJB Security Products, Inc.; or A and L
673 Enterprises.

FACTS

94. Realtor Atkinson is a well-known writer, author, publisher, and public speaker in regards to TSCM, TEMPEST, technical security matters, technical surveillance or eavesdropping countermeasures or protections, and in intelligence analysis.

95. In May 1983, Plaintiff began publishing unclassified professional papers in regards to TSCM and related topics by way of a Computerized Bulletin Board System, which he designed and programmed, and also by way of conventional print media.

96. In August 1987, Plaintiff converted many of these computer files into a format which was suitable for placement on various academic computer servers which Plaintiff had access to as either a student, teacher, lecturer, or other legitimate user.

97. In 1992, the Plaintiff registered the domain name of TSCM.COM and moved the previously mentioned files to a single commercial server, and began adding computer programs which the Plaintiff wrote,

695 databases, photographs, images, and graphics to the previously text
696 only files. This domain name was used as the basis of what would
697 become the Plaintiff's website at: <http://www.tscm.com/>

698
699 98. From 1992 until 1995, the Plaintiff slowly built up the files, added
700 graphics into the website, to include thousands of text files, and it
701 became, and remains the most comprehensive website on the Internet
702 on the subject matter.

703
704 99. When the "Internet was borne" the Plaintiff already had a mature, and
705 established presence by way of his website, so when established
706 TSCM people who had never dealt with the Plaintiff before "got
707 online" for their first time and began to explore the Internet, they
708 discovered the massive amount of published materials by the Plaintiff.
709 This did create a problem, as several people "wrote books" whereby
710 they merely plagiarized hundreds of pages off the Plaintiff's website,
711 and fraudulently published it as their own writings.

712
713 100. Plaintiff began dealing the Defendant Research Electronics and
714 Defendant Barsumian in approximate late Fall of 1981 as a retail

customer of the company purchasing products for use in the performance of TSCM services and bug sweeps. At that time, Defendant Barsumian operated the company in the form of "Research Electronics, Inc" and alternately under the name of "Security Research International" with an address in and near the Tampa, Florida area. At the time, the Defendant stated that he was in the profession of performing TSCM (bug sweeping) services as well as the profession of making bugging devices and TSCM equipment.

101. In 1983, (by his own admission) Defendant Barsumian suffered a catastrophic financial collapse of his business in Florida, and moved to Tennessee to be supported by his wife's parents. At that time the Defendant produced only the most primitive of TSCM and counter-surveillance products, and the quality was grossly inferior to those produced by the competitors of the Defendant.

102. In the April 1988, the Plaintiff discovered that the Defendant was not operating in Tennessee after moving from Florida and contacted the Defendant in order to arrange for a visit in the Fall of 1988 while the Plaintiff would be working at a project in Oak Ridge,

Tennessee. Defendant at this time disclosed to the Plaintiff that his business had collapsed, and that his father-in-law had to rent a U-Haul truck to move him and his wife from Florida to Tennessee and that he and his father-in-law had restarted the "Research Electronics" company, but was not longer operating the under the "Security Research" company name. At that time the Defendant disclosed to the Plaintiff that the Defendant was wholly unable to perform a TSCM inspection or bug sweep and stated to the Plaintiff that he "would be restricting his activities to the making of bug sweep devices, not of rendering TSCM service, as he discovered too late that he was no good at it (bug sweeps), and that it was at the center of his bankruptcy problems".

103. In the late Fall of 1988, the Plaintiff visited the Defendants factory in or near Cookeville, TN in order to purchase a new model of device which the Defendant had described to him and was marketing to replace the inferior quality equipment previously purchased by the Plaintiff from the Defendant in 1983. While the product still performed inferior to that built by competitors, it was an improvement on the product purchased roughly five years previously. During this

visit, the Defendant quizzed the Plaintiff in regards to the “other equipment” the Plaintiff was using to perform TSCM services for clients, and the Plaintiff agreed to demonstrate several items, which the Plaintiff had designed and built for his own use to provide TSCM services. Among the items demonstrated was a silver Halliburton briefcase into which the Plaintiff had built a computer controlled receiver, with a swing out panel that positioned the antennas and receivers well away from the computer so that it did not pickup electrical noise from the computer, and the small chart plotter which was also built into the case. The Plaintiff also demonstrated an sophisticated antenna system, whereby the antennas, filters, and preamplifiers were built into the “swing out wings” that would normally hold screwdriver blades. The Plaintiff discovered to some horror in 1990, that the Defendant actually took the Plaintiff design, claimed it as his own, and fraudulently filed a patent for it mere weeks after the demonstration by the Plaintiff.

104. In approximately 1992, Defendant again began dealing with Plaintiff, and through Plaintiff’s web site allowed an Internet presence (www.tscm.com) in which Plaintiff provided detailed descriptions,

photographs, etc. of Defendants products as well as other manufacturers of such equipment to the TSCM, Intelligence, and private sector communities.

105. At that time, the Defendant lacked any kind of a website, lacked any sort of on-line representation of its products, lacked even primitive E-Mail system of their own, and lacked the technical ability to provide same.

106. As the relationship developed between the parties, in approximately 1995, Plaintiff began buying and reselling Defendants products under a non written agreement in which Plaintiff received a 31.5% discount on all of Defendants products purchased and was free to sell at whatever price Plaintiff desired. Plaintiff did however; refuse to have anything at all to do with the illegal bugging devices, which the Defendant was offering for sale.

107. Pursuant to this non written agreement, Plaintiff's sold Defendants products to the United States Government, the U.S. Government Intelligence community, including the Central

Intelligence Agency, the Federal Bureau of Investigation, the U.S. Department of State, Secret Service, Department of Energy, Army, Navy, Air Force, Marine Corps, Defense Contractors, Research and Development Companies, Think Tanks, Lockheed Martin, Harvard, Raytheon Corporation, Mitre Corporation, Lawrence Livermore Labs, Lincoln Labs, Sandia Labs, the Royal Canadian Mounted Police, and others.

108. During this same period, Defendant introduced a product known as the "OSCOR" which is an Omni Spectral Correlator, Model 5000 or OSC-5000. Plaintiff took an OSCOR, designed and modified Defendants unit, and thereafter showed it to Defendant suggesting the modification be made to make it more saleable to U.S. Government entities. Defendant implemented Plaintiff's designs and modifications.

109. In 1995, the Defendant contacted the Plaintiff by phone and asked Plaintiff if he had any suggestion on how to resolve a technical issue in raising the frequency coverage of the OSC-5000 product, which the Plaintiff had successfully performed on other similar systems for defense contractors. The Plaintiff described to the

815 Defendant a very simple, and inexpensive design which he had used
816 in the past on other equipment whereby the local oscillator of the
817 OSC-5000 could be used to drive a simple microwave down convertor
818 that was attached to an 18 GHz AEL blade style log periodic antenna
819 that was commercially available. Further, the Plaintiff cautioned the
820 Defendant that the product would not be taken seriously by the TSCM
821 community unless it could cover up to 40 GHz or above, which would
822 require the use of three antennas, each with a slightly different
823 downconvertor, and some kind of switching circuit.

824
825 110. In approximately 1999, Defendant made additional
826 modifications to the OSCOR and increased the price. Plaintiff, an
827 authority in TSCM, continued to purchase and resell Defendants
828 products and gave individual discounts to other practitioners in the
829 TSCM field while maintaining normal pricing structure for non-
830 TSCM professionals. Because of Plaintiff's professional courtesy,
831 Defendant became upset and expressed its upset with Plaintiff;
832 however, the relationship continued.

834 111. In December of 1999, the Defendant requested the assistance of
835 the Plaintiff and attempted to use the Plaintiff to contact the
836 manufacture of a CODEC (digital coding and decoding) system which
837 the Defendant had seen the Plaintiff used to examine digital phone
838 systems during TSCM inspections. The Defendant sought to develop
839 an eavesdropping device based on the CODEC system, which the
840 Plaintiff refused to assist in, or to have anything to do with in any way.
841 The Plaintiff did demonstrate to the Defendant how to instead utilize
842 near-end and far-end cross talk analysis to locate eavesdropping
843 devices, but refused to assist the Defendant in eavesdropping methods
844 or equipment development which they were seeking.

845
846 112. Defendant restructured the company in 2000 and in the
847 following year, Defendant confected a Manufacturer's Representative
848 Contract in which Defendant now claimed that all government sales
849 were "in house" clients of Defendant. Plaintiff discussed the improper
850 and unethical wholesale blanket of "in house" contained in the
851 agreement with Defendant Tom Jones (Thomas H. Jones), a managing
852 member of Defendant, informed Plaintiff that if he didn't agree
853 Defendant would severe all ties with Plaintiff and he would be

854 prohibited from any further purchases. In short, Defendant informed
855 Plaintiff he could “take it or leave it” with respect to that provision
856 and every other provision of the contract.

857
858 113. Defendant issued similar “MREP” contracts to others, with a
859 “take it or leave it” position, in furtherance of a restraint of trade,
860 price fixing of goods sold to the U.S. Government, and monopolistic
861 business practices.

862
863 114. In addition, during visits made almost yearly after that point,
864 Defendant maintained a huge inventory of illegal bugging devices (i.e.
865 devices designed primarily for the unlawful and surreptitious
866 interception of wire and/or oral communications), which is a felony to
867 possess, and which the Plaintiff personally examined, and in some
868 cases covertly and/or overtly photographed. Defendant repeatedly
869 solicited Plaintiff to purchase and deal in these illicit eavesdropping
870 devices from them, but Plaintiff strongly refused. Further, Defendant
871 repeatedly illegally bugged and eavesdropped upon Plaintiff during
872 his visits in contravention of applicable State laws of the State of
873 Tennessee and Federal law.

874
875 115. During the Plaintiff visits to the Defendants business location in
876 1999, 2005, and in 2007, Plaintiff photographed these illegal bugging
877 devices, which drastically upset the Defendants as they stated that
878 were concerned the they could get into trouble if the photographs
879 were ever published, put on the Internet, or provided to the authorities.

880
881 116. Beginning in 2001, Defendant entered into a manufacturer's
882 representative agreement, which continued until October of 2010. A
883 review of the terms and conditions imposed by Plaintiff pursuant to its
884 inclusion of adhesion clauses in said contract required to be executed
885 by Defendant on a "take it or leave it" basis is illustrative. For
886 example, Defendant required Plaintiff to agree, "In the event of any
887 dispute or controversy regarding whether a commission is due,
888 Plaintiff "will have full authority and final discretion regarding same.
889 REI's decision regarding the payment or non payment will not be
890 appeal able (sic) or actionable even if it is arbitrary, unreasonable, and
891 or motivated by REI's self interest." In addition, Defendants provided
892 the following: "REI may freely solicit any customer directly, even in
893 competition with the MREP and no liability will be incurred to the

894 MREP.” After 2006, annual renewals were signed but Defendant
895 retained all copies refusing to send copies to representatives who
896 executed same, even after multiple requests to be provided copies.

897
898 117. Defendant required that Plaintiff provide it with a Pending
899 Order Form on all sales of Plaintiff pursuant to the Manufacturer’s
900 Representative Contract. In approximately 2004, Plaintiff discovered
901 that on orders he had made with third parties, Defendant was under
902 reporting commissions due to Plaintiff. Further, Defendant restricted
903 Plaintiff’s ability to provide Pending Order Forms limiting him to
904 only ten (10) per month since Plaintiff was submitting more than any
905 other dealer in the United States (i.e. approximately 250 per month) as
906 a result of him selling more product than any other venue outside of
907 the Defendants business.

908
909 118. It was more profitable for the Plaintiff to have the goods drop
910 shipped to the end customer or end user, so that shipping charges were
911 not being paid twice by the Plaintiff. Thus, the Plaintiff in 1997
912 requested drop shipments for all shipments (domestic or export) on a
913 regular basis, unless the good were to be used for the training of